

Message Text

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ACTION ARA-10

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R 281916Z MAY 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 8855

C O N F I D E N T I A L SECTION 1 OF 2 BOGOTA 4874

EO 11652: GDS

TAGS: PFOR CO

SUBJ: COLOMBIA PRE-IG REVIEW -- DEVELOPMENT ASSISTANCE

REF: STATE 107524

1. REFTEL RAISED THREE ISSUES CONCERNING THE DEVELOPMENT ASSISTANCE PROGRAM: (A) ABILITY OF AID TO PLAY ROLE NOT FILLED BY MULTILATERAL AGENCIES; (B) LACK OF GOC INTEREST IN BILATERAL PROGRAM; AND (C) APPARENT DIFFICULTY IN DEVELOPING AN AID STRATEGY BASED ON GOC PRIORITIES. CONSIDERING THE ISSUES IN REVERSE ORDER, WE PERCEIVE NO RPT NO DIFFICULTY IN DEVELOPING AN AID STRATEGY BASED ON GOC PRIORITIES. GOC DEVELOPMENT PRIORITIES PARALLEL MOST CLOSELY THOSE ESTABLISHED FOR AID BY THE CONGRESS --NAMESLY DIRECT ASSISTANCE TO THE POOREST HALF OF THE INCOME DISTRIBUTION. FOR THE MOST PART, THIS STRATEGY, BOTH ON THE GOC AND THE AID SIDE, HAS CONCENTRATED ON FOOD SUPPLY AND NUTRITION. WHILE IT IS TRUE THAT THE GOC HAS MOVED MORE SLOWLY THAN WE HOPED IN DEVELOPING CONCRETE PROGRAMS IN THIS AREA, IT IS ALSO TRUE THAT CONSIDERABLE PROGRESS HAS BEEN MADE TO DATE IN DEFINING THE PROBLEM AND IN INVESTIGATING ALTERNATIVE MEANS OF DEALING WITH IT. WITHIN THE NEXT THREE MONTHS OR SO, THIS WORK SHOULD GENERALLY REACH THE PROJECT STAGE.

2. THE SLOWNESS IN SPECIFIC PROJECT FORMULATION RELATES TO THE SECOND POINT OF "GOC'S INTEREST IN THE BILATERAL PROGRAM". WE HAVE PERCEIVED NO LACK OF INTEREST BUT ONLY, AS INDICATED ABOVE, A LACK OF DETAIL CONCERNING HOW TO TURN THE GENERAL STRATEGY
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INTO CONCRETE PROJECTS. WE HAVE BEEN TOLD BY THE MINISTER OF

FINANCE, THE PLANNING DIRECTOR AND VARIOUS MINISTERS AND AGENCY HEADS THAT AN AID PROGRAM IS OF INTEREST TO THEM AND HAS A PLACE. PRESUMABLY, SOME IG MEMBERS BELIEVE THAT THERE IS NO GOC "ACTION" AND THEREFORE NO INTEREST. BUT THERE IS "ACTION", A GOC CONCEPT, STRATEGY AND PRIORITIES (SEE PARA 9 BELOW). SLOWNESS AND PROBLEMS IN PROJECT DEVELOPMENT ARE JUST THAT AND NOT UN-CONCERN. IT IS ALSO TRUE THAT THE AID PROGRAM DOES NOT HAVE THE HIGHEST GOC PRIORITY, AND THAT THE LEVEL DOES NOT AFFORD THE GREATEST LEVERAGE. BUT SURELY THE ASSUMPTION IS NOT THAT UNLESS THE AID PROGRAM HAS TOP PRIORITY IT MEANS NO GOC INTEREST, OR THAT UNLESS WE HAVE ENOUGH LEVERAGE TO FORCE ATTENTION, IT IS NOT USEFUL.

3. WE BELIEVE THAT THE UNIQUENESS OF AID'S ASSISTANCE TO COLOMBIA, AS COMPARED WITH OTHER DONORS/LENDERS, IS AN EXTREMELY CRUCIAL DIFFERENCE. THE KINDS OF ACTIVITIES UNDER CONSIDERATION FOR AID INVOLVEMENT USUALLY DIFFER IN SUBSTANTIAL DEGREE FROM THOSE FINANCED BY THE MULTILATERAL AGENCIES. IN GENERAL, THIS DIFFERENCE IS NOT EVIDENT IN THE EXTENT OF INVOLVEMENT IN PROJECT PREPARATION, THE NUMBER OF ORGANIZATIONS INVOLVED IN PROJECT EXECUTION, AND THE DEGREE TO WHICH TECHNICAL ASSISTANCE IS NEEDED IN THE IMPLEMENTATION OF THE PROJECT. AID USUALLY TAKES A MUCH MORE ACTIVIST ROLE THAN DO THE MULTILATERAL AGENCIES IN PROJECT DEVELOPMENT. WHILE THE MULTILATERAL AGENCIES ACT UPON COMPLETE PROJECT PROPOSALS PRESENTED TO THEM BY THE GOC, AID GENERALLY IS INVOLVED IN A PROJECT LONG BEFORE A PROPOSAL IS ACTUALLY PREPARED, OFTEN PROVIDING TECHNICAL ASSISTANCE IN IDENTIFICATION OF POSSIBLE RESPONSES TO A GIVEN PROBLEM. THIS AID INVOLVEMENT ALSO TAKES THE FORM OF PROVIDING COORDINATION AMONG VARIOUS GOVERNMENT AGENCIES INVOLVED IN RELATED ACTIVITIES, WHEREAS THE MULTILATERAL LENDERS, WITH ONLY MINIMAL RESIDENT STAFF TO PROVIDE THIS ACTIVITY, GENERALLY PREFER TO FINANCE PROJECTS WITH ONE EXECUTING AGENCY FOR PROJECTS THAT ARE WITHIN THAT AGENCY'S SOLE CONTROL. FINALLY, AID PROJECTS TEND TO INVOLVE SUBSTANTIALLY MORE TECHNICAL ASSISTANCE AND TRAINING THAN DO MULTILATERAL AGENCY PROJECTS. THESE ELEMENTS REQUIRE THE ABILITY TO RESPOND RAPIDLY AND FLEXIBLY TO CHANGING SITUATIONS AS A PROJECT IS IMPLEMENTED, AND REQUIRE CONSIDERABLE ON-SITE ADMINISTRATIVE CAPACITY. EXPERIENCE HAS INDICATED THAT - DESPITE THE PROBLEMS THAT AID HAS IN THIS REGARD - IT IS MUCH BETTER ABLE TO PROVIDE RAPID RESPONSE TO TECHNICAL

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ASSISTANCE NEEDS THAN OTHER AGENCIES.

4. THE DIFFERENTIATING CHARACTERISTICS NOTED ABOVE ARE EVIDENT IN ALL OF THE CURRENT LOAN PROPOSALS (RURAL COOPERATIVES, AGRICULTURE RESEARCH, AND PICK-AND-SHOVEL ROADS) IN WHICH AID IS CURRENTLY INVOLVED. EACH OF THESE PROJECTS INVOLVES INSTITUTIONAL RESTRUCTURING, EACH INVOLVES MORE THAN ONE IMPLEMENTING AGENCY, AND EACH REQUIRES OUTSIDE TECHNICAL ASSISTANCE AND TRAINING FOR

ITS SUCCESS. IN EVERY CASE, AID PLAYED AN ACTIVE PART IN CREATING A SOUND PROJECT FROM PROPOSALS IN WHICH THE GOC WAS INTERESTED, BUT WHICH WERE INITIALLY FAR FROM BEING CONCRETE PROJECTS. IN EACH CASE, THE PROJECTS ARE DIRECTLY AIMED AT THE GOC AND AID GUIDELINES OF ASSISTING THE POOREST HALF OF THE INCOME DISTRIBUTION, AND IN EACH CASE WERE RELATED TO ELEMENTS OF THE CENTRAL GOC STRATEGY; FOOD PRODUCTION AND NUTRITION.

5. THE ABOVE CONSIDERATIONS SHOULD PUT SOMEWHAT INTO PERSPECTIVE THE QUESTION OF AID PHASE-OUT. WHILE PHASE-OUT MAY BECOME APPROPRIATE FOR REASONS OF OVERALL USG POLICY AND RESOURCE ALLOCATION, IT IS NOT APPROPRIATE FOR REASONS OF SUBSTITUTABILITY OF MULTILATERAL AGENCY RESOURCES FOR THOSE OF AID. THOSE AGENCIES PROVIDE A DIFFERENT TYPE OF ASSISTANCE, SUITABLE TO DIFFERENT PROBLEMS, THAN DOES AID.

6. WE REPEAT THE CASP'S REJECTION OF THE PHASE-OUT ALTERNATIVE FOR THE REASONS STRESSED THEREIN. IN PARTICULAR WE NOTE THE COM-

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 8856

C O N F I D E N T I A L SECTION 2 OF 2 BOGOTA 4874

MENS IN THE AMBASSADOR'S OVERVIEW THAT NO CONSTRUCTIVE LONG-TERM BILATERAL RELATIONSHIP CAN BE DEVELOPED WHICH DOES NOT IDENTIFY WITH AND RELATE TO THE BASIC NATIONAL AIM OF THE COLOMBIANS IN MODERNIZATION. AS FOR THE "THIRD ALTERNATIVE" MENTIONED IN PARA 4 REFTTEL, THIS STRIKES US AS A DIFFERENCE WITH NO MEANING. IT IS ESSENTIALLY WHAT WE ARE DOING WITH A FAR MORE PASSIVE STANCE. THERE IS AN INTERACTION BETWEEN OUR INITIATIVES IN EXPLORING AND DEVELOPING PROJECTS AND "GOC INTEREST" AND WE BELIEVE THAT WHAT WE PROPOSE IS SOUNDER.

7. WITH REGARD TO THE NEED FOR A FULLY ARTICULATED AID STRATEGY, EMBASSY REGARDS EXISTING USAID/C APPROACH OF PROVIDING ASSISTANCE TO THE SPECIFIC BOTTLENECK AREAS WITHIN THE GENERAL GUIDELINES OF THE CONGRESSIONAL MANDATE TO BE AN APPROPRIATE STRATEGY. FOR THE MOST PART, THIS STRATEGY IMPLIES CONCENTRATION ON PROGRAMS THAT SERVE TO IMPROVE THE LIFE OF THE RURAL POOR. GIVEN THE PROPOSED AID LEVEL, IT SEEMS TO US THAT THIS IS THE MOST APPROPRIATE FOCUS, SINCE NO GRANDIOSE SECTORAL PROGRAMS ARE POSSIBLE WITH SUCH AN AID LEVEL. THE IG'S ATTENTION IS CALLED TO THE LAST PARAGRAPH ON P 3 AND THE 1ST PARA ON P 4 OF THE AMBASSADOR'S OVERVIEW.

8. WE AGREE THAT THE SIZE OF THE AID MISSION SHOULD REFLECT THE SIZE AND COMPOSITION OF THE PROGRAM. WE ARE OF THE OPINION THAT THE SIZE AND COMPOSITION OF THE AID MISSION, AS SHOWN IN THE CASP AND IN BOGOTA A-34, IS CONSISTENT WITH (A) THE ROLE AID PLAYS IN PROJECT DEVELOPMENT ASSISTANCE, AND (B) THE ADMINISTRATIVE AND MONITORING RESPONSIBILITY WHICH THE MISSION HAS WITH REGARD

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TO STEWARDSHIP OF APPROPRIATED FUNDS.

9. AS A FINAL OVERALL COMMENT IT SHOULD BE NOTED THAT IT IS INCORRECT TO ASSUME THAT THE GOC HAS NO RPT NO DEVELOPMENT POLICY, PRIORITIES OR CONCEPT REGARDING WHAT IT WANTS TO DO. ON THE CONTRARY, THE GOC DOES HAVE A CLEAR AND DEFINITE CONCEPT REGARDING DEVELOPMENT AND GROWTH, THOUGH IT HAS NOT WORKED OUT A PLAN IN THE SENSE OF A DOCUMENT WITH SPECIFIC GOALS AND STEPS. THIS CONCEPT WAS SKETCHED IN BOGOTA 4514. IT HAS BEEN ELABORATED AND ARTICULATED IN SUCH FORA AS THE RECENT CONFERENCE ON INTERNATIONAL TRADE SPONSORED BY THE NATIONAL BUREAU OF ECONOMIC RESEARCH, THE CEPICIES REVIEW, AND WITH THE RECENT WORLD BANK MISSION HERE WHICH RECEIVED IT FAVORABLY. AS NOTED BY DEPUTY ASSISTANT SECRETARY-DESIGNATE FISHLOW TO THE AMBASSADOR RECENTLY, IT MAY BE SAID THAT COLOMBIA IS DEFACTO WORKING OUT WHAT COULD BE DESCRIBED AS A NEW DEVELOPMENT MODEL SOMEWHERE BETWEEN THE BRAZILIAN AND PERUVIAN MODELS. THE POINT TO BE EMPHASIZED IS THAT THERE ARE SPECIFIC IDEAS AND INTENTS, AND THAT THESE ARE SUFFICIENTLY PROMISING TO WARRANT OUR INTEREST AND SUPPORT.

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